

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2367-01
BILL NO.: HB 1461
SUBJECT: Unemployment Compensation
TYPE: Original
DATE: April 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None *	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0*	\$0*	\$0*

***DOES NOT REFLECT POTENTIAL LOSS OF FEDERAL ADMINISTRATIVE
GRANTS DUE TO POSSIBLE NONCOMPLIANCE WITH FEDERAL LAW.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
School Districts	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Labor and Industrial Relations (DOL)** assume the proposal may not conform with Federal law. If Missouri's law is formally determined to be out of conformity with federal law, DOL officials assume it could cost Missouri employers as much as \$970 million annually due to the loss of FUTA tax credits and result in the loss of over \$40 million annually in federal administrative funds for DOL. DOL officials note that, generally, if a substitute teacher removes their name at the time they've completed an assignment, during an assignment or when they have a date to go on an assignment, the Division of Employment Security (DES) will rule these as voluntary quits since they are job connected at the time they remove their name from the list. Claimants who remain on the list waiting for the district to send them on a job are basically eligible for benefits providing they are available for other full time work, because they are not job connected. However, if a substitute teacher removes their name from the availability list to relocate to a more favorable labor market to seek full time work because the district did not have work, the Division would view their separation as a lack of work because they are not job connected. The individual would be viewed as one who was doing what a reasonable individual in their circumstance would do to obtain suitable work to resolve their unemployment. DOL assumes the proposal presumes there is work at the time the individual removes their name and that the individual has quit in doing so. Under FUTA's withdrawal standards, State unemployment insurance (UI) "laws are required to contain tests to assure that UI is paid only to workers who lose their positions when unemployment slackens and who, while maintaining their connection to the labor force, cannot find other work. This means that States must have a genuine test to determine if an individual is unemployed due to lack of work." Since the proposal presumes there is work available for all claimants who remove their names from the availability list, it removes the State's test to determine if an individual is unemployed due to a lack of work. In addition, DOL officials assume the proposal could violate federal equal treatment standards. DOL has received an informal response from the U.S. Department of Labor which agrees with these assumptions.

Officials of the **Department of Elementary and Secondary Education (DESE)** assume that based on information obtained from DOL, school districts may experience some savings resulting from reduced payments of unemployment benefits to substitute teachers. The amount of the savings is not known, but officials assume it could exceed \$100,000 annually statewide.

ASSUMPTION (continued)

Oversight assumes that any loss of federal funds would depend upon determination of noncompliance by the U.S. Department of Labor and the imposition of sanctions by the U.S. Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, no impact to federal funds is reflected. Savings to local school districts in an unknown amount are reflected.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			
	\$0	\$0	\$0

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			

SCHOOL DISTRICTS

<u>Savings</u> - reduced unemployment benefits paid	Unknown	Unknown	Unknown
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal, depending upon conformity with federal law and any sanctions imposed by the U.S. Department of Labor.

DESCRIPTION

Under this proposal, if a claimant for unemployment benefits withdraws or has previously withdrawn his or her name from a list of available substitute teachers for a school district, the Director of the Division of Employment Security is required to find that the claimant has left work voluntarily and is subject to being disqualified for waiting week credit or benefits and unemployment benefits.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. NO. 2367-01
BILL NO. HB 1461
PAGE 4 OF 4
April 3, 2000

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Department of Elementary and Secondary Education

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 3, 2000